

Message Text

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ACTION IO-14

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OIC-04 EB-11 AID-20 COME-00 ABF-01 OMB-01 TRSE-00

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

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TAGS: AORG, UNDP, EAID

SUBJ: UNDP GOVERNING COUNCIL--17TH SESSION

1. AGENDA ITEM 7(B). FIRST ITEM ON BUSINESS TAKEN UP IN BUDGETARY AND FINANCE COMMITTEE (BDC) AFTER SELECTION OF ABHYANKAR (INDIA) AS RAPPORTEUR WAS ESTIMATES OF RESOURCES AND EXPENDITURES FROM PRESENT THROUGH END OF SECOND PROGRAMMING CYCLE. ASSISTANT ADMINISTRATOR JOHN OLVER INTRODUCED RELEVANT DOCUMENT, POINTING OUT THAT CURRENCY FLUCTUATIONS IN RECENT PAST HAVE MADE PROJECTIONS EXTREMELY FRAGILE. ALREADY HE NOTED, EXCHANGE FLUCTUATIONS AND GROWING STRENGTH OF U.S. DOLLAR HAVE ALTERED PICTURE SO THAT \$69.3 MILLION "SURPLUS" HAS DIMINISHED TO ONLY \$25 MILLION AND STILL CHANGING.

2. DISCUSSION WAS CALM AND FOR MOST PART BUSINESSLIKE. VIRTUALLY ALL SPEAKERS EXPRESSED SATISFACTION THAT PROSPECT OF DEFICIT HAS APPARENTLY DISAPPEARED FOR BALANCE OF THIS PROGRAMMING CYCLE, EVEN THOUGH ALL NOW RECONGIZE REALITY OF OLVER'S POINTTHAT "DEFICT" OR "SURPLUS" IS MERELY A PROGRAMMING GUIDELINEAND NOT A BALANCE SHEET REALITY. FOR THE MOST PART DELEGATES
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AVOIDED EFFORTS TO SPECIFY USES FOR POSSIBLE SURPLUS

ALTHOUGH YUGOSLAVIA AND BRAZIL BOTH MADE PLEA FOR MORE GLOBAL PROJECTS. DUTCH EXPRESSED OPPOSITION TO THOUGHT THAT PART OF ANY SURPLUS MIGHT BE CARRIED OVER INTO SECOND CYCLE.

3. A NUMBER OF SPEAKERS MENTIONED IMPROVED LIQUIDITY SITUATION AND THE REPORTING ON LIQUIDITY. A FEW QUESTIONS ON SUBJECT WERE FIELDED NEATLY BY OLVER AND GERMANS ANNOUNCED PAYMENT ONE QUARTER 1974 PLEDGE. SWISS SAID THEY WOULD PAY ENTIRE 1974 PLEDGE DURING GC SESSION.

4. SEVERAL COUNTRIES, LED OFF BY USSR, AGAIN QUESTIONED INCREASING ADMINISTRATIVE COSTS COMPARED TO GROWTH IN PROGRAM. BRAZIL AND INDIA REFERRED AGAIN TO GA RES 2973 WHICH CALLED FOR 15 PERCENT TARGET FOR ANNUAL INCREASE IN CONTRIBUTIONS STATING INFLATION MEANT VIRTUALLY NO REAL GROWTH AT 9.6 PERCENT FIGURE. SOME SUPPORT VOICED BY OTHER DELS BUT NO MOVE TO ALTER CONSENSUS FIGURE AT LEAST FOR BALANCE PRESENT CYCLE. CUBANS AS USUAL SPOKE AT GREAT LENGTH ON CAUSE OF INFLATION AND EVILS OF US OF U.S. DOLLAR AS UNDP OPERATING CURRENCY. SOME OTHER DELEGATES AMUSED THAT CUBANS, WHO HAD PREVIOUSLY CURSED DOLLAR AS WEAKENING CURRENCY, NOW CURSE DOLLAR'S RISE FOR LOWERING VALUE OF 1974 PLEDGES MADE IN OTHER CURRENCIES. HOWEVER, PROBLEMS OF RAPID EXCHANGE FLUCTUATIONS RECOGNIZED AS SERIOUS BY ALL, INCLUDING ADMINISTRATION.

5. QUESTION OF IMPLEMENTATION RATE, WHICH MANY FEEL LAGGING, DISCUSSED BY SEVERAL SPEAKERS AND OLVER RESPONDED WITH ASSURANCE THAT THERE WILL BE NO DELIBERATE DELAYS IN IMPLEMENTATION, EVEN IF IT HAD BEEN CONSIDERED AS A POSSIBILITY IN FACE OF PREVIOUSLY PROJECTED DEFICIT. GENERALLY EVERYONE AGREED THE WATCHWORD SHOULD BE CAUTIOUS OPTIMISM AND THAT COUNCIL SHOULD HAVE ANOTHER LOOK AT POSSIBLE SURPLUS NEXT JUNE WHEN PICTURE MAY BE MORE CLEAR.

6. US. INTERVENTION BRIEF AND POINTS 3 AND 4 IN POSITION PAPER NOT ENUNCIATED IN VIEW OF GENERAL WILLINGNESS TO DEFER DECISIONS ON POSSIBLE USE OF ANY SURPLUS. US.
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DEL POINTED OUT ONLY TWO POSSIBLE BASIC SOLUTIONS TO RESOURCE QUESTION: EITHER TAILOR PROGRAM TO FIT RESOURCES AVAILABLE OR FIND MORE RESOURCES. WITHOUT MENTIONING NAMES WE LAID A BASE FOR LATER FERGUSON STATEMENT BY SUGGESTING THAT, IN PRESENT STATE OF FLUX IN MONETARY REALM, THOSE WHO COME UP WINNERS SHOULD CHANNEL PART OF ADDITIONAL MONEY INTO UNDP. WE ALSO NOTED "MODEST" \$4 MILLION INCREASE IN US. CONTRIBUTION IN 1973.

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